

## Message Text

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ACTION AF-06

INFO OCT-01 IO-11 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

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SIL-01 L-03 H-02 DODE-00 PA-01 PRS-01 PM-04 AGR-05

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R 081022Z APR 76

FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 1197

INFO AMEMBASSY LUSAKA

AMEMBASSY MAPUTO

AMEMBASSY NAIROBI

USMISSION USUN NEW YORK

AMCONSUL ZANZIBAR

C O N F I D E N T I A L DAR ES SALAAM 1224

E.O.11652: GDS

TAGS: ECIN, PFOR, OVIP (KISSINGER, HENRY A.), TZ

SUBJECT: PRESIDENT NYERERE'S ECONOMIC PHILOSOPHY

REF: DAR ES SALAAM 0466 (NOTAL)

1. DURING SECRETARY'S PLANNED VISIT TO TANZANIA, WE ANTICIPATE THAT PRESIDENT NYERERE WILL WISH CONCENTRATE ON REGIONALLY-ORIENTED POLITICAL ISSUES (SEE REFTEL). WE DO NOT EXPECT HIM TO RAISE BILATERAL ECONOMIC PROBLEMS. IN COURSE OF DISCUSSIONS, NYERERE MAY REFER TO HIS SOCIO-ECONOMIC THEORIES AND GOALS. HE MAY ALSO GIVE HIS VIEWS ON THE NEW INTERNATIONAL ECONOMIC ORDER AND SECRETARY'S INITIATIVES IN THIS FIELD. FOLLOWING IS EMBASSY'S UNDERSTANDING OF NYERERE'S ECONOMIC PHILOSOPHY.

2. NYERERE'S ECONOMIC FRAMEWORK -- AS LEADER OF A VERY POOR NATION AND AS A SOCIAL PHILOSOPHER, NYERERE HAS SPOKEN OFTEN  
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ON THE PLIGHT OF POOR PEOPLES. IN HIS VIEW, THE ROOT CAUSE IS

ECONOMIC EXPLOITATION BOTH INTERNATIONALLY AND WITHIN COUNTRIES. HE REGARDS CAPITALISM AND THE PRESENT WORLD ECONOMIC SYSTEM AS DANGEROUS CONCENTRATION OF POWER IN THE HANDS OF FEW, A SITUATION WHICH CAN ONLY LEAD TO INJUSTICE AND CONFRONTATION. NYERERE PROPOSES A COMPLETELY DIFFERENT INTERRELATIONSHIP AND ECONOMIC ORDER FOUNDED ON EGALITARIANISM AND SOCIAL JUSTICE AND DEDICATED TO REDISTRIBUTION OF WEALTH AND POWER. HE VIEWS SOCIAL BENEFITS AS THE PRIME CONCERN. ECONOMIC GROWTH AND EFFICIENCY, WHILE NECESSARY, ARE SECONDARY TO SOCIAL AND IDEOLOGICAL GOALS.

3. NYERERE'S DOMESTIC POLICIES -- NYERERE'S DOMESTIC INITIATIVES ARE DESIGNED TO FULFILL WHAT HE ENVISIONS THE FUTURE SOCIALIST TANZANIA SHOULD BE. THE "ARUSHA DECLARATION" IS THE BLUEPRINT FOR THE COUNTRY'S BROAD-REACHING CONVERSION TO SELF-RELIANCE AND COMMUNALISM. FOR EXAMPLE, SINCE 1967 NYERERE HAS:

- MOVED ALMOST ALL RURAL TANZANIANS (WHO CONSTITUTE 90 PERCENT OF POPULATION) INTO AGRICULTURAL VILLAGES WHICH ARE DEVELOPING INTO UJAMAA (COMMUNAL) SOCIETIES.
- BROUGHT UNDER STATE CONTROL VIRTUALLY ALL ASPECTS OF ECONOMIC, FINANCIAL, AND COMMERCIAL ENTERPRISES.
- REMOVED MOST FORMS OF MATERIAL INCENTIVES GEARED TOWARD INDIVIDUAL AS OPPOSED TO COLLECTIVE BENEFITS.

BECAUSE "WE MUST RUN WHILE OTHERS WALK," NYERERE ACCEPTS THE STUMBLING AND CONFUSION THAT INEVITABLY OCCUR. HE IS AWARE OF TANZANIA'S SHORTCOMINGS AND DIRE ECONOMIC STRAITS AND IS SOMETIMES PRAGMATIC ENOUGH TO MAKE TACTICAL RETREATS OR DIVERSIONS.

4. NYERERE'S INTERNATIONAL ECONOMIC OUTLOOK -- NYERERE BELIEVES TANZANIA'S INTERNATIONAL POLICIES MUST BE AN EXTENSION OF DOMESTIC GOALS. HE PROJECTS TANZANIAN PRIORITIES AS MODEL FOR OTHER NATIONS AND THE SOUGHT AFTER NEW WORLD ECONOMIC ORDER. HE VIEWS THE CURRENT WORLD ECONOMIC SYSTEM AS DESIGNED TO PRESERVE THE CAPITALIST IDEALS OF THE WEST. WITHOUT RADICAL CHANGES IN THIS SYSTEM, HE FEELS THAT COUNTRIES LIKE TANZANIA WILL CONTINUE TO BE HELPLESS, WITHOUT INFLUENCE ON THE ECONOMIC FORCES AFFECTING THEM. HE TENDS TO VIEW THE WORLD'S WEALTH AS LIMITED AND HE FOCUSES ON REDISTRIBUTION OF IT ALONG SOCIALIST, EGALITARIAN LINES. THEREFORE, HE BELIEVES THAT:

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- TO BE SELF-RELIANT, TANZANIA SHOULD DISENGAGE ITS ECONOMY FROM THE WEST.
- DEVELOPING COUNTRIES MUST WORK TOGETHER TO CREATE NEW AND JUST ECONOMIC RELATIONSHIPS.
- TANZANIA HAS A "RIGHT" TO DEMAND ASSISTANCE AS MATTER OF JUSTICE AND IN COMPENSATION FOR CONTINUING EXPLOITATION.
- SUCH AID SHOULD HAVE NO POLITICAL STRINGS; AND
- AID MUST BE A REAL TRANSFER OF RESOURCES TO POOR FOR

PURPOSES OF NARROWING GAP BETWEEN RICH AND POOR. "TRUE AID" DOES NOT INCLUDE MILITARY ASSISTANCE, EXPORT CREDITS OR PRIVATE INVESTMENT.

- TANZANIA SHOULD NOT RELY ON FOREIGN PRIVATE INVESTMENT TO MEET HER CAPITAL AND TECHNOLOGY NEEDS. IT WILL DEPEND ON ITSELF AND "FRIENDS" TO PROVIDE IN MANNER ASSURING THAT PRIMARY RESPONSIBILITY AND CONTROL RESTS WITH PEOPLE OF TANZANIA.

-- NATIONALIZATION IS NECESSARY TO INSURE ECONOMY IS RESPONSIVE TO NEEDS OF CITIZENS. TANZANIA HAS AGREED TO PAY COMPENSATION TO FOREIGNERS BECAUSE IT STILL DEPENDS ON EXTERNAL FINANCE -- NOT BECAUSE THERE IS MUCH JUSTICE IN THE CLAIMS.

-- CHINA IS A CHAMPION OF OPPRESSED PEOPLES AND A MODEL FOR DEVELOPMENT. SOVIET UNION, ON THE OTHER HAND, IS A RICH, EXPLOITIVE POWER.

-- OPEC CARTEL IN COLLABORATION WITH OTHER DEVELOPING COUNTRIES CAN STRENGTHEN ATTEMPTS TO ALTER CURRENT WORLD ECONOMIC IMBALANCES.

5. OTHER TANZANIAN LEADERS' VIEWS -- NYERERE'S THOUGHTFUL PRESENTATION OF HIS VIEWS IS NOT THE STYLE OF HIS PRINCIPAL LIEUTENANTS. FOREIGN MINISTER KADUMA HAS A ACADEMIC BACKGROUND AS AN ECONOMIST AND RECENTLY NEADED THE GOVERNMENT'S IDEOLOGICAL THINK TANK. THOUGH PERSONALLY MILD-MANNERED, HE TENDS PRESENT ABOVE VIEWPOINT IN MORE STARK, CONFRONTATIONAL TERMS. FOR EXAMPLE, HE DESCRIBES DEVELOPMENT AS "MENTAL LIBERATION FROM THE ENSLAVEMENT OF MIND" WHICH FAVORS MATERIAL GOODS. HE CALLS UPON NON-INDUSTRIALIZED NATIONS TO CREATE POWERE BASES "AS PRELUDE TO THE ONSLAUGHT ON THE INTERNATIONAL ARRANGEMENT NOW EXISTING." PRIME MINISTER KAWAWA LACKS KADUMA'S ACADEMIC BACKGROUND BUT ALSO ENJOYS PRESENTING ECONOMIC MATTERS IN SHRILL, IDEOLOGICAL TERMINOLOGY.SPAIN

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